

### Meeting the Financial Demand for School Expansions in Chichester

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#### Introduction

The County Council has been working in partnership with Chichester District Council to identify infrastructure needed to support development set out in the Local Plan. For the Chichester Infrastructure Business Plan (IBP), the County Council supports the approach whereby an assumption of 50% funding from the Community Infrastructure Levy (CIL) for all primary school expansions is applied, unless there is more up to date information available on the Basic Need grant. At the last Infrastructure Joint Member Liaison Group meeting on 2nd September, the County Council was requested to provide evidence to support the assumption that school expansion projects in the IBP would be part funded from the CIL.

#### Background

West Sussex County Council as the local authority has a statutory responsibility for ensuring that there are sufficient schools, and therefore school places in its geographic area. The County Council regularly assesses demographic changes, plans and finances new school places, including using funding provided by the Department for Education and other sources. There is a range of possible solutions to provide new places, mainly:

- building new schools;
- permanent or temporary extensions; or
- converting existing spaces for use as classrooms.

In planning for new school places, the County Council adopts a practice of ensuring value for money in using public funds but also seeks to maximise the use of grant and other funding.

In November 2016, recognising the fact that the CIL regulations are currently under review, representatives of all local authorities in England & Wales wrote to Lord Nash, Parliamentary Under Secretary of State for Schools explaining the difficulties faced by local authorities who are responsible for school place planning due to the introduction of CIL. For the County Council, the uncertainty regarding developer contributions alongside expectations of reduced grant funding means that the funding for future projects is increasingly uncertain.

#### Pupil numbers

In the 2016 Planning School Places booklet produced by the County Council, it details the need for some 25,515 extra school places across West Sussex by 2031 to meet the anticipated child product from strategic housing development sites identified / allocated in the District / Borough Local Plans. In the Chichester District Council area this is estimated as some 3,468 additional school places<sup>1</sup> needed by 2031 and this equates to the equivalent of eight new 2 Form Entry Primary Schools of 420 pupils each. These numbers include allowances for the proposed new primary schools to serve Graylingwell, West of Chichester and Tangmere together with expansions at other schools in the localities (Bourne, Manhood, Chichester, North of District) as detailed in the County's Planning School Places 2016 booklet and the Chichester IBP.

### **Options**

The provision of new schools is expected across the locality. Where there is an expected need for a whole new school, the local authority is no longer able to legally establish new schools and all new schools must be academies. There are two options for establishing new schools and these are either i) the local authority advertising for an academy sponsor through the academy presumption process and this would require the County Council to fully fund the delivery of the new school or ii) for the local authority to rely on the Government's Free School programme to deliver a new school essentially free of charge to the local authority.

Whilst the provision of new schools is expected across the locality, much of the additional pupil places are still expected to be met from expanding existing school provision. The four projects identified in the Chichester IBP for primary school expansions over the next five years are focused on expanding provision within the school planning localities of Bourne, Manhood, Chichester and North of the District. As development comes forward, further work will be undertaken to identify suitable schools to be expanded within each locality to mitigate the impact of housing development. Feasibility work will then be undertaken and more details on cost will be set out, as projects will vary in scale and cost.

### **School expansion projects in Chichester**

Historically, the County Council has sought S106 developer contributions to mitigate the impact of planned housing development alongside funding received from central government. With the introduction of the CIL this has led to developer contributions being split across either S106 or CIL, subject to circumstances, and has resulted in less certainty of the County Council being able to use such funds for the investment in local school provision. The level of County Council grant funding from the DfE is very uncertain and does not meet the full cost of school expansions thereby requiring additional funding sources to be secured so that educational provision and wider community benefits from school buildings can be achieved.

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<sup>1</sup> This includes the area of the District within the South Downs National Park.

The following table sets out the cost of recent primary school expansions within the District in the last five years. The table sets out the project costs and proportion of S106 funding that was available for the projects.

<b>Project name (school expansion)</b>	<b>No. of additional school places</b>	<b>Cost</b>	<b>Basic Need (&amp; other funding)</b>	<b>S106</b>	<b>% funded by developer contributions</b>
Parklands Primary	210 (1FE)	£3,890,000	£2,959,000	£931,000	24%
St Richards Catholic Primary	105 (1/2FE)	£1,325,000	£1,136,000	£189,000	14%

### **Funding**

Local authorities receive capital grant funding from the Department for Education (DfE) to help towards the cost of new school places. In March 2013, the National Audit Office (NAO) published a Report 'Capital funding for new school places' that commented, amongst a range of issues, that the DfE was assuming the grant funding would be targeted mainly at extensions to existing schools and that the DfE estimates of building costs needed to be updated.

The DfE also assumed that local authorities would meet any difference between actual costs and the funding it provided. The DfE initially assumed that local authorities would contribute 20 per cent towards the cost of new places. This planning assumption was not evidence-based and was not communicated to local authorities. In the NAO survey, local authorities reported making an average contribution across England in 2012-13 of 34 per cent which meant most local authorities drew on other sources of funding e.g. S106 to finance new places in both new schools and expansions and this is also the case in West Sussex.

### **Conclusion**

The County Council has been proactive in securing value for money in delivering new school places. The incorporation of developer contributions (S106 and CIL funding) is important to help mitigate the impact of housing development and meet the recognised gap in funding to provide new school places. Recent delivery of primary school expansion projects have utilised up to 24 per cent of developer contributions towards the total cost. Nationally, it has been shown that the Basic Need grant has only delivered around 66 per cent of the funding for new school places. In the context of planned development in Chichester and anticipated reduced government funding, it is considered that 50% is an appropriate working assumption

for primary school expansion projects that are part funded by the CIL until the County Council has more up to date information available on the Basic Need grant. Each project will then be considered in the context of mitigating the impacts of planned housing development and grant funding availability.